

AGP-32. PATENT RIGHTS (LONG FORM) (DOE)

(a) Definitions.

- (1) "Subject invention" means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this Contract, and includes any art, method, process, machine manufacture, design or composition of matter, or any new and useful improvement thereof or any variety of plants, whether patented or unpatented under the Patent Laws of the United States of America or any foreign country.
- (2) "Contract" means any contract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment or substitution of parties.
- (3) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.
- (4) "Government agency" includes an executive department, independent commission, board, office, agency, administration, authority, government corporation, or other Government establishment of the Executive Branch of the Government of the United States of America.
- (5) "To the point of practical application" means to manufacture, in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.
- (6) "Contracting Officer" has the meaning set forth under (c) of Article GP-1, "Definitions." The Contracting Officer has designated the Patent Counsel and the Technology Utilization Officer, NASA Resident Office, 4800 Oak Grove Drive, Pasadena, California 91109, as representatives for the administration of the "Patent Rights" Article of this Contract. All correspondence pertaining thereto shall be addressed to the Technology Utilization Officer unless transmitted in response to correspondence from the Patent Counsel.
- (7) "Secretary" or "Head of the Agency" means the Secretary of Energy or designee or other duly authorized representative.
- (8) "DOE" means the Department of Energy.

(b) Allocation of Principal Rights.

- (1) Assignment to the Government. The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each subject invention, except to the extent that rights are retained by the Contractor under paragraphs (b)(2) and (c) of this Article.
- (2) Greater rights determinations. The Contractor or the employee-inventor with authorization of the Contractor may request greater rights than the nonexclusive license and the foreign patent rights provided in paragraph (c) of this Article on identified inventions in accordance with 41 CFR 9-9.109-6(d). Such requests must be submitted to the Contracting Officer at the time of the first disclosure pursuant to paragraph (e)(2) of this Article, or not later than nine months after conception or first actual reduction to practice, whichever occurs first, or such longer periods as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor.

(c) Minimum Rights to the Contractor.

- (1) Contractor license. The Contractor reserves a revocable, nonexclusive, paid-up license in each patent application filed in any country on a subject invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the Contract was awarded. The license shall be transferable only with approval of DOE except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

- (2) Revocation limitations. The Contractor's nonexclusive license retained pursuant to paragraph (c)(1) of this Article and sublicenses granted thereunder may be revoked or modified by DOE, either in whole or in part, only to the extent necessary to achieve expeditious practical application of the subject invention under DOE's published licensing regulations (10 CFR 781), and only to the extent an exclusive license is actually granted. This license shall not be revoked in that field of use and/or the geographical areas in which the Contractor, or its sublicensee, has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public, or is expected to do so within a reasonable time.
- (3) Revocation procedures. Before modification or revocation of the license or sublicense, pursuant to paragraph (c)(2) of this Article, DOE shall furnish the Contractor a written notice of its intention to modify or revoke the license and any sublicense thereunder, and the Contractor shall be allowed 30 days, or such longer periods as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor, after such notice to show cause why the license or any sublicense should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with 10 CFR 781, any decision concerning the modification or revocation of its license or any sublicense.
- (4) Foreign patent rights. Upon written request to the Contracting Officer, and subject to DOE security regulations and requirements, there shall be reserved to the Contractor, or the employee inventor with authorization of the Contractor, the patent rights to a subject invention in any foreign country where the Government has elected not to secure such rights, provided:
- (A) The recipient of such rights, when specifically requested by DOE and three years after issuance of a foreign patent disclosing said subject invention, shall furnish DOE a report setting forth:
- (i) The commercial use that is being made, or is intended to be made, of said invention; and
 - (ii) The steps taken to bring the invention to the point of practical application or to make the invention available for licensing.
- (B) The Government shall retain at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government (including any Government agency) and States and domestic municipal governments, unless the Head of the Agency or designee determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments.
- (C) Subject to the rights granted in (c)(1), (2) and (3) of this Article, the Head of the Agency or designee shall have the right to terminate the foreign patent rights granted in this paragraph (c)(4) in whole or in part unless the recipient of such rights demonstrates to the satisfaction of the Head of the Agency or designee that effective steps necessary to accomplish substantial utilization of the invention have been taken or within a reasonable time will be taken.
- (D) Subject to the rights granted in (c)(1), (2) and (3) of this Article, the Head of the Agency or designee shall have the right, commencing four years after foreign patent rights are accorded under this paragraph (c)(4), to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate said foreign patent rights in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing:
- (i) If the Head of the Agency or designee determines, upon review of such material as deemed relevant, and after the recipient of such rights or other interested person has had the opportunity to provide such relevant and material information as the Head of the Agency or designee may require, that such foreign patent rights have tended substantially to lessen competition or to result in undue market concentration in any section of the United States in any line of commerce to which the technology relates; or

- (ii) Unless the recipient of such rights demonstrates to the satisfaction of the Head of the Agency or designee at such hearing that the recipient has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(d) Filing of Patent Applications.

- (1) With respect to each subject invention in which the Contractor or the inventor requests foreign patent rights in accordance with paragraph (c)(4) of this Article, a request may also be made for the right to file and prosecute the U.S. application on behalf of the U.S. Government. If such request is granted, the Contractor or inventor shall file a domestic patent application on the invention within six months after the request for foreign patent rights is granted, or such longer period of time as may be approved by the Contracting Officer for good cause shown in writing by the requestor. With respect to the invention, the requestor shall promptly notify the Contracting Officer of any decision not to file an application.
- (2) For each subject invention on which a domestic patent application is filed by the Contractor or inventor, the Contractor or inventor shall:
 - (A) Within two months after the filing of a patent application or within two months after submission of the invention disclosure, if the patent application has been filed previously, deliver to the Contracting Officer a copy of the application as filed including the filing date and serial number;
 - (B) Within six months after filing the application or within six months after submitting the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly executed and approved assignment to the Government, on a form specified by the Government;
 - (C) Provide the Contracting Officer with the original patent grant promptly after a patent is issued on the application; and
 - (D) Not less than 30 days before the expiration of the response period for any action required by the Patent and Trademark Office, notify the Contracting Officer of any decision not to continue prosecution of the application.
- (3) With respect to each subject invention in which the Contractor or inventor has requested foreign patent rights, the Contractor or inventor shall file a patent application on the invention in each foreign country in which such request is granted, in accordance with applicable statutes and regulations, and within one of the following periods:
 - (A) Eight months from the date of filing a corresponding United States application, or if such an application is not filed, six months from the date the request was granted.
 - (B) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file the foreign patent application, where such filing has been prohibited by security reasons; or
 - (C) Such longer periods as may be approved by the Contracting Officer for good cause shown in writing by the Contractor or inventor.
- (4) Subject to the license specified in paragraphs (c)(1), (2) and (3) of this Article, the Contractor or inventor agrees to convey to the Government, upon request, the entire right, title, and interest in any foreign country in which the Contractor or inventor fails to have a patent application filed in accordance with paragraph (d)(3) of this Article, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Contractor or inventor shall, not less than 60 days before the expiration period for any action required by any patent office, notify the Contracting Officer of such failure or decision, and deliver to the Contracting Officer, the executed instruments necessary for the conveyance specified in this paragraph.

(e) Invention Identification, Disclosures, and Reports.

- (1) The Contractor shall establish and maintain active and effective procedures to ensure that subject inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records that are reasonably necessary to document the conception and/or the first actual reduction to practice of subject inventions, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of these procedures so that the Contracting Officer may evaluate and determine their effectiveness.
- (2) The Contractor shall furnish the Contracting Officer on an approved form:
 - (A) A written report containing full and complete technical information concerning each subject invention within six months after conception or first actual reduction to practice, whichever occurs first in the course of or under this Contract, but in any event, prior to any sale, public use, or public disclosure of such invention known to the Contractor. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains, a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any request for foreign patent rights under paragraph (c)(4) of this Article and any request to file a domestic patent application under (d)(1) of this Article. However, such request shall be made within the period set forth in paragraph (b)(2) of this Article. When an invention is reported under this paragraph (e)(2)(A), it shall be presumed to have been conceived or first actually reduced to practice in the course of or under the Contract, unless the Contractor contends it was not so made, in accordance with paragraph (g)(2)(B) of this Article.
 - (B) Upon request, but not more than annually, interim reports on an approved form listing subject inventions and subcontracts awarded(s) containing this "Patent Rights" Article for that period and certifying that:
 - (i) The Contractor's procedures for identifying and disclosing subject inventions as required by this paragraph (e) have been followed throughout the reporting period;
 - (ii) All subject inventions have been disclosed or that there are no such inventions; and
 - (iii) All subcontracts containing a "Patent Rights" Article have been reported or that no such subcontracts have been awarded;
 - (C) A final report on an approved form within three months after completion of the Contract work listing all subject inventions and all subcontracts awarded containing a "Patent Rights" Article and certifying that:
 - (i) All subject inventions have been disclosed or that there were no such inventions; and
 - (ii) All subcontracts containing a "Patent Rights" Article have been reported or that no such subcontracts have been awarded.
- (3) The Contractor shall obtain patent agreements to effectuate the provisions of this Article from all persons in its employ who perform any part of the work under this Contract except nontechnical personnel, such as clerical employees and manual laborers.
- (4) The Contractor agrees that the Government may duplicate and disclose subject invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this Article. If the Contractor is to file a foreign patent application on a subject invention, the Government agrees, upon written request, to use its best efforts to withhold publication of such invention disclosures until the expiration of the time period specified in paragraph (d)(1) of this Article, but in no event shall the Government or its employees be liable for any publication thereof.

(f) Publication. It is recognized that during the course of the work under this Contract, the Contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this Contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the Contractor, patent approval for release or publication shall be secured from the Contracting Officer prior to any such release or publication.

(g) Forfeiture of Rights in Unreported Subject Inventions.

(1) The Contractor shall forfeit to the Government, at the request of the Head of the Agency or designee, all rights in any subject invention which the Contractor fails to report to the Contracting Officer within six months after the time the Contractor:

(A) Files or causes to be filed a United States or foreign patent application thereon; or

(B) Submits the final report required by paragraph (e)(2)(C) of this Article, whichever is later.

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified, in (1)(A) or (1)(B) of this paragraph (g), the Contractor:

(A) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the Contract and delivers the same to the Contracting Officer; or

(B) Contending that the invention is not a subject invention, the Contractor nevertheless discloses the invention and all facts pertinent to this contention to the Patent Counsel (with notification by Patent Counsel to the Contracting Officer); or

(C) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Head of the Agency or designee to be forfeited (such determination to be a final decision under the "Disputes" Article of this Contract, if any), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (g) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to subject inventions.

(h) Examination of Records Relating to Inventions.

(1) The Contracting Officer or authorized representative, until the expiration of three years after final payment under this Contract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer or authorized representative reasonably deem pertinent to the discovery or identification of subject inventions or to determine compliance with the requirements of this Article.

(2) The Contracting Officer or authorized representative shall have the right to examine all books (including laboratory notebooks), records and documents of the Contractor relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this Contract to determine whether any such inventions are subject inventions, if the Contractor refuses or fails to:

(A) Establish the procedures of paragraph (e)(1) of this Article; or

(B) Maintain and follow such procedures; or

(C) Correct or eliminate any material deficiency in the procedures within 30 days after the Contracting Officer notifies the Contractor of such a deficiency.

(i) Withholding of Payment (not applicable to subcontracts).

- (1) Any time before final payment of the amount of this Contract, the Contracting Officer may, if such action is deemed warranted, direct the Institute to withhold payment until a reserve not exceeding \$50,000 or 5% of the amount of this Contract, whichever is less, shall have been set aside if in the Contracting Officer's opinion the Contractor fails to:
 - (A) Establish, maintain and follow effective procedures for identifying and disclosing subject inventions pursuant to paragraph (e)(1) of this Article;
 - (B) Disclose any subject invention pursuant to paragraph (e)(2)(A) of this Article; or
 - (C) Deliver the interim reports pursuant to paragraph (e)(2)(B) of this Article; or
 - (D) Provide the information regarding subcontracts pursuant to paragraph (j)(5) of this Article; or
 - (E) Convey to the Government, using an approved form, the title and/or rights of the Government in each subject invention as required by this Article.
- (2) The reserve or balance shall be withheld until the Contracting Officer has determined that the Contractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this Article.
- (3) Final payment under this Contract shall not be made by the Contracting Officer before the Contractor delivers to the Contracting Officer all disclosures of subject inventions and other information required by (e)(2)(A) of this Article and the final report required by (e)(2)(C) of this Article.
- (4) JPL may, if the Contracting Officer deems such action warranted, decrease or increase the sums withheld up to the maximum authorized above. If the Contractor is a nonprofit organization, the maximum amount that may be withheld under this paragraph shall not exceed \$50,000 or 1% of the amount of this Contract, whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the Contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this Contract.

(j) Subcontracts.

- (1) For the purpose of this paragraph the term "contractor" means the party awarding a subcontract and the term "subcontractor" means the party being awarded a subcontract, regardless of tier.
- (2) The Contractor will include the Article "Patent Rights - Small Business Firms or Nonprofit Organizations (DOE)," suitably modified to identify the parties, in all subcontracts regardless of tier, for experimental, developmental, demonstration or research work to be performed by a domestic small business firm or domestic non-profit organization. In all other subcontracts, regardless of tier, for experimental, developmental, demonstration, or research work, the Contractor will include the "Patent Rights (Long Form) (DOE)" Article, modified to identify the parties. In the event of refusal by a subcontractor to accept this Article, or if in the opinion of the Contractor this Article is inconsistent with DOE's patent policies, the Contractor:
 - (A) Shall promptly submit written notice to the Contracting Officer setting forth reasons for the subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and
 - (B) Shall not proceed with the subcontract without the written authorization of the Contracting Officer.
- (3) Except as may be otherwise provided in this Article, the Contractor shall not, in any subcontract by using a subcontract as consideration therefor, acquire any rights in its subcontractor's subject invention for the Contractor's own use (as distinguished from such rights as may be required solely to fulfill the Contractor's contract obligations to the Institute or the Government in the performance of this Contract).

- (4) All invention disclosures, reports, instruments, and other information required to be furnished by the subcontractor to the Contracting Officer, under the provisions of a "Patent Rights" Article in any subcontract hereunder may, in the discretion of the Contracting Officer, be furnished to the Contractor for transmission to the Contracting Officer.
- (5) The Contractor shall promptly notify the Contracting Officer in writing upon the award of any subcontract containing a "Patent Rights" Article by identifying the subcontractor, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon the request of the Contracting Officer, the Contractor shall furnish a copy of the subcontract.
- (6) The Contractor shall identify all subject inventions of the subcontractor of which it acquires knowledge in the performance of this Contract and shall notify the Contracting Officer promptly upon the identification of the inventions.
- (7) It is understood that the Government is third party beneficiary of any subcontract clause granting rights to the Government in subject inventions, and the Contractor hereby assigns to the Government all rights that the Contractor would have to enforce the subcontractor's obligations for the benefit of the Government with respect to subject inventions. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the subcontractor to the Government regarding subject inventions.

(k) Background Patents.

- (1) "Background Patent" means a domestic patent covering an invention or discovery which is not a subject invention and which is owned or controlled by the Contractor at any time through the completion of this Contract:
 - (A) Which the Contractor, but not the Government, has the right to license to others without obligation to pay royalties thereon; and
 - (B) Infringement of which cannot reasonably be avoided upon the practice of any specific process, method, machine, manufacture or composition of matter (including relatively minor modifications thereof) which is a subject of the research, development, or demonstration work performed under this Contract.
- (2) The Contractor agrees to and does hereby grant to the Government a royalty-free, nonexclusive, license under any background patent for purposes of practicing a subject of this Contract by or for the Government in research, development, and demonstration work only.
- (3) The Contractor also agrees that upon written application by DOE, it will grant to responsible parties for purposes of practicing a subject of this Contract, nonexclusive licenses under any background patent on terms that are reasonable under the circumstances. If, however, the Contractor believes that exclusive or partially exclusive rights are necessary to achieve expeditious commercial development or utilization, then a request may be made to DOE for DOE approval of such licensing by the Contractor.
- (4) Notwithstanding the foregoing paragraph (k)(3), the Contractor shall not be obligated to license any background patent if the Contractor demonstrates to the satisfaction of the Head of the Agency or designee that:
 - (A) A competitive alternative to the subject matter covered by said background patent is commercially available or readily introducible from one or more other sources; or
 - (B) The Contractor or its licensees are supplying the subject matter covered by said background patent in sufficient quantity and at reasonable prices to satisfy market needs, or have taken effective steps or within a reasonable time are expected to take effective steps to so supply the subject matter.

(l) Atomic Energy.

- (1) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this Contract.
- (2) Except as otherwise authorized in writing by the Contracting Officer, the Contractor will obtain patent agreements to effectuate the provisions of paragraph (l)(1) of this Article from all persons who perform any part of the work under this Contract, except nontechnical personnel, such as clerical employees and manual laborers.

(m) Limitation of Rights. Nothing contained in this "Patent Rights" Article shall be deemed to give the Government or the Institute any rights with respect to any invention other than a subject invention except as set forth in the "Patent Rights" Article of this Contract with respect to background patents and, if included, the facilities licenses.